

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of

Federal-State Joint Board on Universal
Service

Centennial USVI Operations Corp. Petition
for Designation as an Eligible
Telecommunications Carrier in the United
States Virgin Islands

CC Docket No. 96-45

**REPLY OF CENTENNIAL USVI OPERATIONS CORP. TO THE COMMENTS
OF CHOICE COMMUNICATIONS, LLC, AND THE OPPOSITION AND
REQUEST OF THE VIRGIN ISLANDS TELEPHONE COMPANY**

Centennial USVI Operations Corp. ("Centennial") hereby responds to the comments filed by the Virgin Islands Telephone Company d/b/a Innovative Telephone ("Innovative") and Choice Communications, LLC ("Choice") regarding to Centennial's request to be designated an Eligible Telecommunications Carrier ("ETC") in the United States Virgin Islands ("USVI").¹ Neither commenter provides any valid reason for denying Centennial's application.

Designating Centennial as an ETC will provide the funds necessary for Centennial to upgrade and expand its USVI network in high-cost USVI markets. Centennial's proposed upgrades and service expansions are precisely the kind of improvements for which Universal Service Fund ("USF") high-cost funds are intended. Innovative, however, would have the Commission deny USVI consumers the benefits of the high-cost program by shutting out competition in these markets. Centennial strongly

¹ *In the Matter of Federal-State Joint Board on Universal Service Centennial USVI Operations Corp., Petition for Designation as an Eligible Telecommunications Carrier in the United States Virgin Islands, CC Docket No. 96-45 (filed Apr. 29, 2005) (hereinafter "Centennial Petition.")*.

urges the Commission to see Innovative's opposition for what it is: an attempt to thwart competition in the USVI.

I. GRANTING CENTENNIAL'S PETITION IS IN THE PUBLIC INTEREST IN PART BECAUSE CENTENNIAL WOULD BRING ADVANTAGES TO THE USVI THAT ARE UNIQUE AMONG ETCs

As part of the requisite public interest inquiry, the Commission has stated that it would consider several factors, including the unique advantages of the prospective ETC's service offerings.² Granting Centennial's request would make Centennial the first ETC to offer mobile wireless service to the underserved USVI markets. Centennial has proposed to utilize the high-cost funds to expand and reconfigure its USVI network in precisely the ways contemplated by the universal service program: to improve coverage and expand its capacity to serve customers who, due to their locations, are technically difficult, and therefore uneconomic, to serve. Mobile wireless service would allow these customers to take their phones with them when traveling throughout the island as well as when they travel to Puerto Rico (as many USVI residents do for medical and other services). It also affords important public safety benefits, allowing customers to call 911 from their cars, places of work, as well as from home.

Centennial would also be the first USVI ETC to offer: a large calling area (including all of the USVI and Puerto Rico); local and long distance all on one bill; certain advanced services, such as Short Messaging Service and Multi Media Services;³ and perhaps most

² *In Re Federal-State Joint Board on Universal Service; Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*, Memorandum Opinion and Order, CC Docket No. 96-45 (FCC rel. Jan. 22, 2004) at ¶ 28 (hereinafter "*Virginia Cellular*").

³ Although USF funds do not themselves fund advanced services, once the network has been expanded to new areas with the aid of USF funds, the additional expense related to the provision of advanced services can be justified from an economic and business perspective. The broader availability of advanced services is a collateral benefit of bringing USF-funded services to new areas of the USVI.

importantly, a *choice* in service providers.⁴

Of course, Innovative would prefer to avoid facing competition on equal footing for supported services. Plainly it would prefer to continue to enjoy its monopoly position as a supplier of basic services to USVI residents.⁵ In its opposition, Innovative makes much of the fact that other wireless providers on the island offer mobile wireless services similar to Centennial's.⁶ But that entirely misses the point: Centennial would bring mobile wireless services to consumers *who do not currently have access to such services*. Mobile wireless providers have found it uneconomical to serve consumers in certain areas of the USVI, due both to the demographics of the market and the difficult terrain. For precisely these reasons, USF funds are necessary to justify an expansion of Centennial's network into those areas.

Clearly, Centennial's proposed network and service expansion would bring many advantages to the USVI market that are unique among ETCs on the island. Granting Centennial's petition would be in the public interest because Centennial would be the only provider in the USVI to offer a competitive choice to consumers that are otherwise underserved by mobile wireless providers. These consumers would have access, for the

⁴ See *Centennial Petition* at Section V.

⁵ In this regard, Centennial submits that in assessing the public interest benefits of designating Centennial as an additional ETC in the USVI, the Commission should explicitly consider the public interest risks and problems attendant on the Commission putting, and leaving, all of its USF eggs into one basket – particularly a basket like Innovative. As the Commission is doubtless aware, Innovative has apparently been unable, or unwilling, to pay its debts to the National Rural Utilities Cooperative Finance Company. See CFC Press release dated March 28, 2005 (Exhibit 1 hereto). Indeed, Innovative has apparently been less than candid with the USVI regulators regarding some significant financial transactions as well. See M. Dominique, "Vitelco Still Waiting for ICC to Repay Loan," ST. THOMAS SOURCE, May 27, 2005 (Exhibit 2 hereto). With these kinds of questions regarding Innovative/Vitelco's financial activities in play, it would hardly serve the public interest for the Commission to unquestioningly assume that it makes sense to keep sending millions of dollars of USF support to that firm, to the exclusion of other entities, such as Centennial, with a proven record of providing supported services in other jurisdictions, including neighboring Puerto Rico.

⁶ *In the Matter of Federal-State Joint Board on Universal Service Centennial USVI Operations Corp.*, Opposition of the Virgin Islands Telephone Company d/b/a Innovative Telephone, CC Docket No. 96-45 (filed June 10, 2005) (hereinafter "*Innovative Opposition*.") at 8-11.

first time, to mobile wireless services with all the benefits that mobility, wireless pricing plans and advanced services will bring.

II. DESIGNATING CENTENNIAL AS AN ETC WOULD PROVIDE MANY BENEFITS TO THE USVI WITH MINIMAL IMPACT ON THE UNIVERSAL SERVICE FUND

As more fully discussed in Centennial's petition, the designation of Centennial as an ETC would bring many benefits to the USVI.⁷ In addition to the benefits noted above, Centennial would provide the services supported by the high-cost fund over its own facilities, and has provided the Commission with a five-year plan demonstrating how it will improve its service coverage, quality and capacity throughout the USVI. Yet designating Centennial an ETC will have minimal impact on the fund. Centennial estimates that it will receive 0.03% of the annual USF disbursements for the USVI.⁸ The Commission itself stated in its recent order on ETC designation proceedings that "it is unlikely that any individual ETC designation would have a substantial impact on the overall size of the fund."⁹

Innovative argues in response that Centennial should be denied ETC status because other ETC petitioners could make this same argument, so they would be designated as well, so that multiple ETCs in the USVI would eventually put a strain on the fund. There are several problems with this argument. First, even if ten other carriers were designated ETCs for the USVI market, and they all received the same amount of funding as Centennial, the impact on the fund would still only amount to one third of one

⁷ *Centennial Petition* at Sections III-IV.

⁸ Centennial estimates that it will receive approximately \$1.2 million per year from the USF for the USVI. The total annual size of the high-cost fund is approximately \$3.8 billion per year. *In Re Federal-State Joint Board on Universal Service*, Report and Order, CC Docket No. 96-45 (FCC Rel. Mar. 17, 2005) at ¶ 54 (hereinafter "*March ETC Order*").

⁹ *March ETC Order* at ¶ 54.

percent of total annual disbursements. There are simply not enough people in the USVI to create a situation in which there is a strain on the fund — even with multiple ETCs.

Second, only one other carrier has even applied to be designated an ETC in the USVI.¹⁰ The Commission should not deny Centennial's petition because other carriers might, someday in the future, petition to be ETCs as well. From this perspective, Innovative's argument is simply a naked claim to continued monopoly ETC status.

Third, Centennial should not be denied ETC status because Innovative receives the highest per-line USF support of any ILEC. The Commission has recognized that it is likely to be in "particularly high-cost areas," where the incumbent receives high per-line funding — like the USVI — that USF funds are most needed.¹¹ In rejecting a formulaic per-line benchmark in considering the impact of any particular petition on the fund, the Commission specifically stated that it should "consider[] the specific facts" of the petition and conduct a "comprehensive public interest analysis."¹² Centennial urges the Commission to recognize the need for an additional ETC and USF funding in the USVI, and consider the distinct qualifications of Centennial to fulfill this need.

Innovative claims that "marketplace evidence demonstrates that it is both economical and feasible for carriers to serve the U.S. Virgin Islands without universal

¹⁰ Choice Communications, LLC petitioned the Commission in January of this year to be designated an ETC. As noted in Choice's comments, the Commission has not yet acted on its petition. Choice asks the Commission to delay acting on Centennial's petition until it has addressed Choice's. There is no valid reason to delay acting on Centennial's petition, nor is there any reason that the Commission's consideration of the two petitions should be linked. Choice is proposing to offer a very different service (fixed wireless) than Centennial's service and therefore its petition raises different technical and public interest considerations. Moreover, there is no procedural rule that requires the Commission to consider petitions in the order in which they were filed. Centennial does agree with Choice that Centennial's petition "underscores the need for the FCC to designate additional ETCs in the U.S. Virgin Islands." *In the Matter of Federal-State Joint Board on Universal Service Centennial USVI Operations Corp.*, Comments of Choice Communications, LLC, CC Docket No. 96-45 (filed June 10, 2005) at 1. In light of the need to designate additional ETCs in the USVI, it would be against the public interest to delay consideration of Centennial's petition.

¹¹ *March ETC Order* at ¶ 57.

¹² *Id.*

service support.”¹³ If that were true, then why is Innovative continuing to receive such high funding? The truth of the matter is that, while it is feasible for wireless carriers to have a certain amount of coverage — certainly in the larger towns in the USVI — certain other areas will remain underserved and without improvements or expansion in service unless additional ETCs are designated.

Granting Centennial’s petition would provide competitive benefits to USVI residents because ETC status would allow Centennial to expand and upgrade its network into areas that are currently underserved by the other providers listed by Innovative in its opposition.¹⁴ Contrary to Innovative’s assertion, the mere presence of these other wireless carriers in the USVI does not negate the competitive benefits of designating Centennial as an ETC. Rather, it actually demonstrates that there is a need for an additional ETC because the funding will allow Centennial to expand its network into areas where there is otherwise no business case for doing so.

III. CENTENNIAL WILL NOT “CREAMSKIM”

In its *March ETC Order*, the Commission recognized that no creamskimming concerns arise in the case of a request to be designated an ETC in an entire rural service area, “because the affected ETC is required to serve all wire centers in the designated service area.”¹⁵ Centennial seeks ETC designation for the entire USVI, which constitutes its (and Innovative’s) entire rural service area in that jurisdiction. Innovative, in its opposition, erroneously asserts that Centennial may try to serve a disproportionate number of low-cost, high-density wire centers and business customers. As noted above, however, Centennial will be *required* to serve the entire rural service area. Moreover, its

¹³ *Innovative Opposition* at 13.

¹⁴ *Id.* at 14.

¹⁵ *March ETC Order* at ¶ 49.

plans for network expansion and improvement specifically target high-cost residential areas.

IV. CENTENNIAL SATISFIES THE NEW REQUIREMENTS OF THE COMMISSION'S MARCH ETC ORDER

As extensively discussed in its petition, Centennial satisfies the new requirements for ETC designation announced in the Commission's *March ETC Order*. As noted in its petition, because Centennial's petition was filed prior to the issuance of the order, it is not formally subject to the rules enunciated therein. Nevertheless, Centennial made a good faith effort to address the new rules in its petition.

In its opposition, Innovative attacks Centennial's discussion of three of these new requirements: access to emergency services, annual reporting requirements and the filing of a five-year build-out plan. None of Innovative's attacks has merit.

Regarding emergency services, Centennial discussed its extensive experience in successfully maintaining wireless service during emergencies in several markets in which it operates, including markets that experience hurricanes and tropical storms like those that often affect the USVI, and including markets in which Centennial is an ETC. Innovative states that Centennial's experience in these other markets is irrelevant. This is nonsense: if Centennial had *not* put forth its experience in maintaining service during severe storms in other locations, Innovative would doubtless have criticized Centennial for its failure to show that it could handle such situations. In fact, Centennial's operations in its various markets are integrated at various managerial and technical levels, and thus, successful maintenance of its services during emergencies in its various markets

demonstrates that Centennial staff and management properly maintain Centennial's networks, including its USVI network.¹⁶

In this regard, Centennial noted in its petition that it planned to use some of the high-cost funds it will receive to complete an undersea fiber link between the USVI and Puerto Rico. Innovative attacks this aspect of Centennial's plans to upgrade its network as somehow demonstrating that Centennial will not meet customers' needs during an emergency. This, again, is nonsense. Centennial directs the Commission's attention to Centennial's successful track record in the USVI and the other markets discussed in its petition, such as Puerto Rico and Louisiana, and notes that responsible carriers conduct regular network upgrades such as the fiber upgrade planned by Centennial. Plans for upgrades are not evidence of network mismanagement; rather, they are evidence that Centennial's first-rate track record during emergencies is the result of competent network management.

Regarding reporting requirements, Innovative appears to have skipped Section VI of Centennial's petition. Centennial did, in fact, commit to report annually on progress on its build-out plans, the number of unfulfilled service requests and the total number complaints per 1,000 households.¹⁷

¹⁶ Centennial can understand why Innovative could be sensitive about network reliability and related customer service issues. Apparently Innovative has had trouble maintaining reliable service in St. Croix, even without the excuse of a major storm, and generally is not well-regarded with respect to its service levels. See S. Pennington, "Vitelco Executive Says 'We Have A Lot Of Work To Do,'" ST. THOMAS SOURCE (June 13, 2005) (Exhibit 3 hereto); A. Pancham, "Vitelco Explains St. Croix Phone Outage to PSC," ST. THOMAS SOURCE (June 15, 2005) (Exhibit 4 hereto). Obviously, Innovative would be harmed by the existence of a basic service competitor who could use USF support to provide robust and reliable basic service — service that would only highlight Innovative's apparent service deficiencies.

¹⁷ Centennial petition at Section VI B.

Finally, Innovative is seeking access to Centennial's build-out plan, which was filed under seal with the Commission.¹⁸ As more fully explained in its request for confidential treatment, the disclosure to Innovative or the public at large of the information contained in Centennial's five-year plan could result in substantial competitive harm.¹⁹ The plan lays out with some specificity how Centennial plans to use the high-cost funds it will receive upon designation as an ETC for the USVI over a five-year period. If Innovative were to have access to the plan, it would reveal when Centennial plans to upgrade its network infrastructure and the types of upgrades it plans to make. Such information is proprietary and commercially sensitive, and it is not information that Centennial or other carriers normally publicly reveal. In fact, in several state-level proceedings in which Centennial has been granted ETC status, other carriers submitting comments in the proceeding were not provided access to such commercially-sensitive information.²⁰ In its letter requesting access to Centennial's plan, Innovative attaches excerpts to the build-out plans provided by other ETC applicants that have been made public.²¹ While Centennial has not undertaken a full review of all publicly-available information in connection with these carriers' ETC petitions, a review of the excerpts provided by

¹⁸ Letter to Secretary Marlene H. Dortch from Rebekah P. Goodheart, dated June 10, 2005.

¹⁹ *Request for Confidentiality Pursuant to Section § 0.459*, Letter to Secretary Marlene H. Dortch from Christopher W. Savage (filed Apr. 29, 2005).

²⁰ *In Re Application of Michiana Metronet, Inc., Centennial Michigan RSA 6 Cellular Corp. and Centennial Michigan RSA 7 Cellular Corp., for Designation as Eligible Telecommunications Carriers*, Case No. U-13751, Opinion and Order (Mich. PSC Sept. 11, 2003); *Centennial Lafayette Communications, LLC, Centennial Caldwell Cellular Corp., Centennial Morehouse Cellular, LLC*, Docket No. U-27174, *In Re Application for Designation as an [ETC] Pursuant to Section 214(e)(6) of the Communications Act of 1934 for the Purposes of Receiving Federal Universal Service Support in Louisiana* (on reconsideration), Order No. U-27174 (La. PSC effective as of Jan. 14, 2004; issued May 12, 2004); *See generally* Docket 03-UA-0234, Miss. PSC, *In Re Application of Centennial Cellular Tri-State Operating Partnership and Centennial Claiborne Cellular Corp. for Designation as an Eligible Telecommunications Carrier Pursuant to Section 214(e)(6) of the Communications Act of 1934*.

²¹ Letter to Secretary Marlene H. Dortch from Rebekah P. Goodheart, dated June 10, 2005 at 2-3.

Innovative leads to the conclusion that Innovative's comparison of these plans to Centennial's is not persuasive.

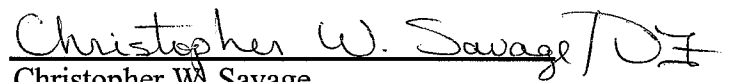
None of the plan excerpts project the carrier's build-out plans for five years nor do they provide as much detail as Centennial's plan. For example, the Virginia Cellular and Nextel plans apparently only cover 1.5 and 1.66 years, respectively; Innovative provides an Advantage Cellular map with no construction timeline for planned cell sites; and the Highland Cellular and Guam Cellular materials provide no timeline, nor any detailed description of how funds will be used.²² Centennial's plan covers a much longer time period than any of the plans cited by Innovative, provides a year-by-year plan for and a greater level of detail regarding planned construction, technical upgrades and network maintenance. As such, Centennial requests that the Commission reject Innovative's request to access its confidential and proprietary information and maintain the confidential treatment of its build-out plan.

V. CONCLUSION

Centennial respectfully requests that the Commission expeditiously grant its petition to be designated an ETC in the USVI and is entitled to begin receiving high-cost support as of the date of its ETC designation.

Respectfully submitted,

**CENTENNIAL COMMUNICATIONS CORP.
CENTENNIAL USVI OPERATIONS CORP.**


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²² *Id.* at Attachments.

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Dated: June 24, 2005

EXHIBIT 1



**National Rural Utilities
Cooperative Finance Corporation**

2201 Cooperative Way
Herndon, Virginia 20171
703-709-6700 | www.nrucfc.coop

A Touchstone Energy Cooperative 

March 28, 2005

**Contact: Rhonda Smith
Assistant Treasurer
Banking & Investor Relations
703-709-6895
rhonda.smith@nrucfc.coop**

CFC Affiliate RTFC Issues Notices of Default to Borrower

Herndon, VA - National Rural Utilities Cooperative Finance Corporation ("CFC") announced today that Rural Telephone Finance Cooperative ("RTFC"), a consolidated affiliate of CFC, had issued notices of default to Virgin Islands Telephone Corporation d/b/a Innovative Telephone ("Vitelco") and Innovative Communication Corporation ("ICC").

On March 20, 2005, ICC, a diversified telecommunications company headquartered in St. Croix, United States Virgin Islands ("USVI"), was required to pay \$10,034,876.71 for a maturing secured line of credit, including accrued interest, to RTFC. ICC has only paid RTFC \$34,876.71 representing the accrued interest due on that date. On March 22, 2005, RTFC notified ICC in writing that an event of default had occurred as a result the non-payment of the \$10,000,000 due on its maturing secured line of credit. In the pending actions against ICC in the USVI, RTFC intends to make the filings required to enforce its rights with respect to this additional default. As a result of the default, RTFC placed all loans to ICC on non-accrual status as of February 1, 2005.

On March 20, 2005, ICC's USVI local exchange carrier subsidiary, Vitelco was required to pay \$4,013,950.68 for a maturing unsecured line of credit, including accrued interest, to RTFC. Vitelco has only paid RTFC \$13,950.68 representing the accrued interest due on that date. On March 22, 2005, RTFC notified Vitelco in writing that an event of default had occurred as a result of the non-payment of the \$4,000,000 due on its maturing unsecured line of credit. As a result of the default, RTFC placed all loans to Vitelco on non-accrual status as of March 20, 2005. Additionally, RTFC filed a complaint in the United States District Court for the Eastern District of Virginia against Vitelco on March 23, 2005.

CFC filed a Form 8-K Current Report with the U.S. Securities and Exchange Commission regarding these actions. The form 8-K may be viewed on CFC's website at www.nrucfc.coop.

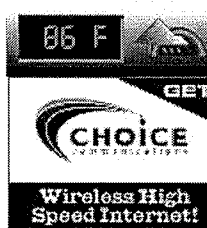
CFC is a not-for-profit finance cooperative that serves the nation's rural utility systems, the majority of which are electric cooperatives and their subsidiaries. With more than \$20 billion in assets, CFC provides its member-owners with an assured source of low-cost capital and state-of-the-art financial products and services. RTFC is a not-for-profit lending cooperative that serves the financial needs of the rural telecommunications industry.

###

EXHIBIT 2

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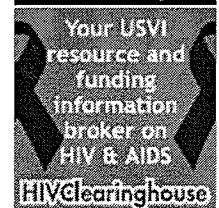
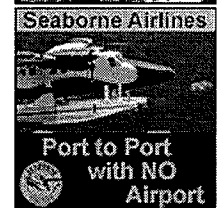
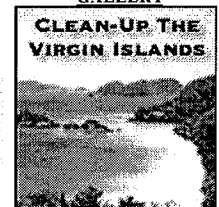
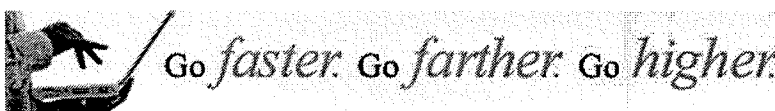
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Vitelco Still Waiting for ICC to Repay Loan

by Michelle Dominique

May 27, 2005 – Months after Innovative Communication Corp. LLC promised to repay a loan from its subsidiary Innovative Telephone, also known as Vitelco, the telephone company still has not received the money owed.

In a September hearing of the Public Services Commission, the commission learned that Vitelco had sold \$85 million of its preferred stock and loaned about \$28 million of the proceeds to ICC for the purchase of a telephone company in Belize. This action was taken without any notice to the PSC or the utility's major lender, the Rural Telephone Financial Cooperative. The action led the RTFC to file a lawsuit against ICC.

ICC has paid about \$28 million toward the purchase of the Belize phone company, but it is not clear where the other money from the preferred stock sale has gone.

ICC's legal counsel, Lanny Davis, said at the September hearing that the loan to ICC for its operation in Belize was a short-term loan at 12 percent interest, due in November. (See ["Phone Company Could Have New Owner in January"](#).)

November has come and gone, but Innovative Telephone and ICC have yet to notify the PSC about the payment of the debt.

"No, they have not done that as yet," PSC Chairman Valencio Jackson said Tuesday. The telephone company is supposed to notify the PSC when the debt has been repaid, he added.

Calls to Davis, Innovative Telephone President David Sharp and Holland L. Redfield II, ICC vice president, have not been returned.

In February, Redfield told the Source that the loan had not yet been repaid. He said the loan would be repaid, and it was a good investment

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for Vitelco, adding that "They are not in jeopardy at all." (See "[Belize Takes Back Control of Phone Company After ICC Fails to Pay](#)").

Jackson said this week he did not expect any payment to be made to Vitelco soon because of the current situation in Belize. He did not specify what, if any, action the PSC would take in the matter.

ICC has been battling with the Belize government over the last few months for ownership of the telephone company, which the company supposedly purchased with the money loaned from Vitelco.

Although ICC's owner, Jeffrey Prosser, had not paid the full amount for the Belize phone company, the government allowed him to take over the management of the company based on a promissory note. Because of his failure to make the full payment on time, the two entities have been battling through the judicial system both in the United States and Belize, while a former owner of the Belize phone company, Lord Michael Ashcroft, tries to regain control of his previous shares.

**TOM BOLT
& ASSOCIATES**
*Attorneys
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Back Talk

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Domino Stations Run Out of Gas

Domino gas station customers on St. Thomas and St. John should be able to fill up by next week, Licensing and Consumer Affairs Commissioner Andrew Rutnik said Thursday. The gas stations have been out of gas for much of this week.

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**Efforts Pick Up to Combat Teen Obesity**

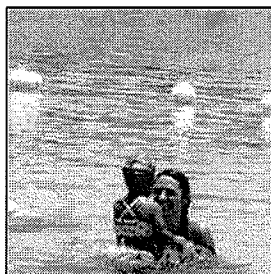
Childhood obesity is rapidly increasing worldwide, and the Virgin Islands is no exception. "The evidence is there from what we know anecdotally and from spot surveys," said Edward C. Jones, a nutritionist with V.I. Women, Infants and Children.

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@Work: Kathy Huddle

Kathy Huddle doesn't let rumors stop her from continuing her work with the St. Thomas-St. John Swimming Association. In fact, she seems even more determined to continue with the expansion of the program and sees many more years in the territory for lessons, memories, and laughter.

Editor's Note: Every week the Source spotlights a different island business with an @Work feature. These stories are kept permanently in our Business sections.



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Manno's Owner Found Stabbed to Death

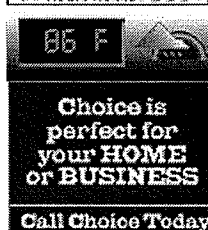
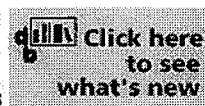
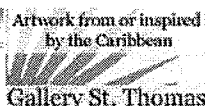
Little is known about the stabbing death of Edbert Emanuel Stewart, 63, owner of Manno's restaurant on the north eastern edge of the Fort Christian parking lot in Charlotte Amalie.

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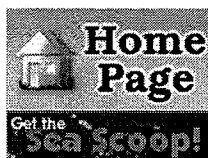
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Vitelco Executive Says 'We Have a Lot of Work to Do'

by Shaun A. Pennington

June 13, 2005 – Dave Sharp, president and chief executive officer of the V.I. Telephone Co., said Monday night Vitelco, also known as Innovative Telephone, is not happy with the level of service the company is providing. "We understand that we have a lot of work to do."

He was not the only one to express those sentiments.

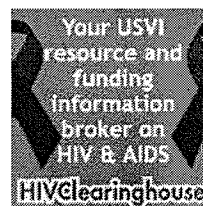
Speaking at a meeting of the Coral Bay Community Council, Sharp said aging equipment and increasing demands for service – especially on St. John – have left the company behind on new installations and repairs.

Several of the two-dozen people filling the meeting room at John's Folly Learning Institute told stories of waiting more than two years to have a phone installed – many still didn't have land phones – or suffering months, even years, without reliable phone service while still being billed. Several said they had given up trying to get help after waiting hours for a customer service representative to take their call -- only to be told the problem would be fixed, when it wasn't, or that they would call back, and never did.

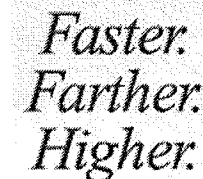
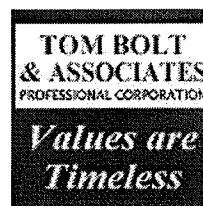
"What do people do when they feel the standard ways of getting help aren't working?" asked Sharon Coldren, president of the Coral Bay group.

One of the answers Sharp offered was to "Call Tom Dunn." Dunn, who is the public relations officer for the company, was also at the meeting. He gave out his number and told the group to call him directly at 715-8643. Later a list was passed around for people to put down their names, problems and phone numbers, though several still don't have phones – and they would get attention.

When asked specifically if Vitelco had enough lines and switches to



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accommodate St. John's needs, Sharp said, "No. This island is growing ... we don't have enough lines for everybody who builds a house."

Candid though it was, most of the two dozen people in attendance didn't find that answer acceptable.

Jean Cottrell, an East End resident, said that everyone has a right to basic phone service.

"You are the only company. We are entitled to phone service."

She said East Enders have been left helpless after a couple car accidents – one a fatality – when time was wasted trying to get to someone who had a land line and could call for help.

There are large areas of St. John, especially in Coral Bay and the East End, where cell phones don't work.

Alvis Christian, deputy director of the St. John office of the V.I. Territorial Emergency Management Agency, said from his perspective at VITEMA, "It's a nightmare for us here on St. John."

"There's nothing I can say to make you happy," Sharp said, "because you've had shitty service for x number of months."

But for many at the meeting it was more than months and more than just bad phone service.

People complained of not being able to get through to the service center – getting busy signals or a message that said the "mail box" was full.

Others complained of constantly getting a message, "All circuits are busy now," which Sharp blamed on the cell phone providers and the long distance carries, who he said didn't have enough circuits.

But one phone customer, Pam Gaffin, claimed that when queried the other carriers told her Vitelco didn't have any circuits to give them.

Sharp said, "That's not true. I'll challenge them on that." He also said that getting the "your special feature code has not been accepted" message was a combination of the new added features interfacing with old equipment and also because people start dialing before having a true dial tone.

"I don't have any special features on my phone," Carey Chapin said.

Sharp responded that it could be an anomaly on her line.

"Then I've had an anomaly in my system for five years," Chapin said, also voicing the often-heard complaint about her phone going dead whenever it rains.

Sharp had explained earlier that many of the old phone lines have paper insulation. "Water plays havoc with those," he said.

In fact he spoke of a recent water-related problem on St. Croix that left hundreds of residents and businesses without phone service for more than a week. It was "our worst nightmare," Sharp said.

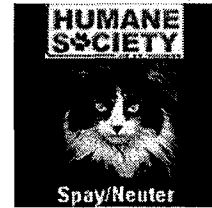
One resident asked why the company didn't hire more people to get the work done, "Is it a money problem?"

Sharp said the problem was trying to "manage" too many work crews at the same time.

Gaffin pointed out that Vitelco receives money from the Universal Service Fund "to provide rural service."

Vitelco gets what amounts to about \$20 per phone line -- more than \$12 million a year -- from the USF, a fund that is financed by all rate payers across the nation – including Virgin Islanders – to guarantee that all Americans have access to phone lines.

Sharp said, "We're trying to provide dial tone. USF funds are for



basic service."

The tenor at Monday night's meeting would suggest that many feel they are not getting that.

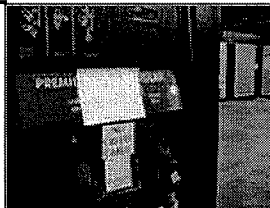
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Domino Stations Run Out of Gas

Domino gas station customers on St. Thomas and St. John should be able to fill up by next week, Licensing and Consumer Affairs Commissioner Andrew Rutnik said Thursday. The gas stations have been out of gas for much of this week.

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Efforts Pick Up to Combat Teen Obesity

Childhood obesity is rapidly increasing worldwide, and the Virgin Islands is no exception. "The evidence is there from what we know anecdotally and from spot surveys," said Edward C. Jones, a nutritionist with V.I. Women, Infants and Children.

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@Work: Kathy Huddle

Kathy Huddle doesn't let rumors stop her from continuing her work with the St. Thomas-St. John Swimming Association. In fact, she seems even more determined to continue with the expansion of the program and sees many more years in the territory for lessons, memories, and laughter.

Editor's Note: Every week the Source spotlights a different island business with an @Work feature. These stories are kept permanently in our Business sections.



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Manno's Owner Found Stabbed to Death

Little is known about the stabbing death of Edbert Emanuel Stewart, 63, owner of Manno's restaurant on the north eastern edge of the Fort Christian parking lot in Charlotte Amalie.

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Feds Order Education Department to Hire Financial Overseer

The V.I. Department of Education has been ordered by the U.S. Department of Education to hire a third-party chief financial officer to oversee spending of the federal grants it receives.

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WAPA Announces Effort to Improve Efficiency

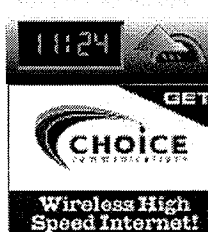
The Public Services Commission and V.I. residents have been demanding for years that the V.I. Water and Power Authority improve its efficiency. In a press release Tuesday, WAPA explained how it was going to do exactly that: improve efficiency.

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Vitelco Explains St. Croix Phone Outage to PSC

by Ananta Pancham

June 15, 2005 -- Although Vitelco's presentation time was limited at Tuesday's Public Service Commission meeting, David Sharp, company president, was asked to provide a statement explaining a three-week phone outage on the island of St. Croix. Information relating to the cause of outage, which lasted from the last week in May to the second week in June, was not received during that time by the PSC or other media outlets, stated a representative from the PSC's legal counsel, and many customers are still unsure as to the exact date of telephone service restoration.

Sharp responded by stating that Vitelco did issue several broadcasts on various radio stations, and were hoping to receive calls from residents regarding the status of their service at the time of the outage. "On one of the cables that went down," Sharp explained, "there were 2,700 pairs of wires damaged...that equals about 2,000 customers not receiving service. With that many wires, it is impossible for us to know who has service and who doesn't." Sharp said. "When we broadcast over the radio, we were relying on residents to call in and tell us whether or not they had service so that we could know whose line to fix."

Sharp told Sen. Juan Figueroa-Serville, a St. Croix resident who had not received a restoration of his service until last week, who serves as a non-voting member of the PSC, that a bird and the weather were the cause of the phone outage.

"In short," Sharp stated, "a bird flew into the transformer outside our facilities in St. Croix, and caused the shortage. The power entering the building was therefore incomplete, and our generators were not able to function."

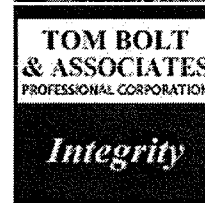
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Rain compounded the problem -- as air pressure was lost and restored to a series of cables, water from rain outside was blown along the wires making the damage more extensive. Underground cables with paper insulation were also flooded, causing a short which resulted in a loss of service.

"Vitelco got on this as fast as we could, though," Sharp said, "and we've been working 24 hours a day in order to get the problem fixed. We're still not running at a 100 percent, and we're still relying on residents to call in and tell us whether their lines are working or not."

In matters relating a report from Vitelco on the financial viability of the company, legal counsel for the PSC stated that in letters received on June 7 and 13 from the Rural Telephone Finance Cooperative regarding the status of pending litigation, that status of the hearing taking place within the Virgin Islands remains the same. In addition, litigation involving Innovative Communications Corporation and its request to transfer jurisdiction of another suit in Virginia to the Virgin Islands was denied.

Vitelco also submitted yearly and quarterly performance reports to the PSC for review on Tuesday. Due to lack of time, commission members expressed a need to evaluate the reports more extensively, and will address any concerns with Sharp at a later date.

In another matter, the commission also ordered Vitelco to pay \$65,000 dollars for an assessment conducted by PSC staff regarding the operation of the utility's Lifeline services—a standard household line which should enable customers to effectively dial emergency operations when needed. PSC members launched an investigation into this feature after numerous complaints were received about the poor quality of service on Lifeline phones.

Because the PSC doesn't have the money to pay for the assessments on its own, the utility is ordered to pay the PSC for assessments conducted on matters which need investigating; the authority to conduct these assessments rests solely with the PSC, as it is the body which governs the territory's public utilities.

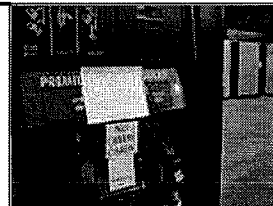
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CERTIFICATE OF SERVICE

I, Cathleen Schultz, do hereby certify that on this 24th of June, 2005, I caused a copy of the foregoing *Reply of Centennial USVI Operations Corp. to the Comments of Choice Communications, LLC and the Opposition and Request of the Virgin Islands Telephone Company* to be sent via U.S. Mail to the following:

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